

Remarks of Mayor Paul D. Fraim  
State of the City  
February 6, 2009  
12 noon  
At the Marriott

Good afternoon.

It is once again an honor to stand before the city's business and community leadership to talk with you about the progress, the challenges and plans for the future of our city - Norfolk.

Let me take this opportunity to extend a personal welcome to Chesapeake Mayor Alan Krasnoff, Virginia Beach Mayor Will Sessoms and Portsmouth City Council members Douglas Smith and Elizabeth Tsimmas. We are honored you could join us today and I can't tell you how much I appreciate your taking time to be here.

Much has changed since we last met, but looking around the room I am reminded there is one thing that has remained constant – and that is your unwavering commitment and enthusiasm for our historic seaport town. We deeply

appreciate the many contributions you continue to make to the community, so thank all of you for being here.

That appreciation extends to the military members of our family, and they are represented today by RADM David Anderson, Vice Commander, Fleet Forces Command and RADM Richard O'Hanlon, Commander, Naval Air Force Atlantic.

We are grateful to you and the women and men under your command for all you are doing to keep us safe. We recognize the strain that long deployments place on your families, and thank you for your many sacrifices.

For many reasons 2008 will be one to remember.

The housing market collapsed. The auto industry was crippled. Credit evaporated. Stocks took their biggest tumble since the Great Depression, and the national economy shed 2.6 million jobs - that's 216,000 jobs lost on average each month of the year.

To put this into perspective, a healthy, growing national economy needs an additional 150,000 jobs each month just to keep pace with the workforce. In

November and December alone, the national economy lost more than 1 million jobs and the unemployment rate reached 7.2%, - the highest in 16 years, bringing hardship to citizens across the country.

This has left some 46 states and hundreds of local governments facing the worst budget crisis in memory. The Center on Budget and Policy Priorities projects that state budget shortfalls across the country are likely to reach the \$145 billion range in fiscal year 2010 and the \$180 billion range in 2011.

State revenue losses for the Commonwealth stand at \$2.9 billion - and counting. This is being felt not only in Norfolk but in localities across the state as funding and reimbursements for key services are dramatically declining.

State aid comprises 41% of our general fund budget. It helps pay for basic services like schools, public safety, road maintenance, social services and support for constitutional offices. And according to our calculations, more than \$5 million in state aid reductions will need to be absorbed in Norfolk's operating budget in the current fiscal year and another \$22.5 million in next year's budget.

Locally derived revenues have also been affected by the economy.

The largest source of locally derived revenue is real estate, and after a modest increase this year, residential assessments for the upcoming fiscal year are projected to be flat at best. Commercial assessments are, however, stronger and will see some growth.

Still, it is important to note that real estate assessments lag, therefore what we are seeing in the current real estate environment will not be reflected in the upcoming budget but in the 2011 budget.

All told the city is looking to bridge a \$35-40 million gap for this coming fiscal year out of an operating budget of approximately \$800 million. It is very clear that we are facing at least two years of difficult budget times, and as the council deliberates how best to respond I think it's fair to say that at the moment everything is on the table.

Approximately 75% of the budget is related to personnel cost. So, some downsizing of the workforce can be expected as well as the continuation of the hiring freeze that is currently in place.

Let me emphasize here that our City workforce consists of dedicated individuals and we are proud of every one of them. While the delivery of services will change significantly over the next 12 to 24 months, we will keep our employees and their interests in mind as we balance our budget challenges.

But as we begin this year there are also bright spots to report and much to be proud of.

Despite the national economy's slide into recession, we are encouraged by projections calling for the region's economy to outperform the State and national economies in 2009, and for the recession to by-pass Hampton Roads due to the insulating effect of the military and the Port, a factor that historically has kept recessions milder here than in other parts of the country.

Between 2006 and 2008 defense spending rose 4.5 to 4.9%, and this year it is expected to increase by another 4.5% - this is great news.

And, just this Wednesday the U.S. Labor Department reported that only seven large U.S. metropolitan areas added jobs during the past year. Hampton

Roads was one of them. We were fifth on the list. Our workforce grew by nearly 1.5%.

The truth is we are now leading Northern Virginia in job growth as a percentage of the workforce.

Tell your children to come home.

Also, we expect that a national economic stimulus plan will give support to the Commonwealth's budget and the regional economy.

And for Norfolk, consider this: When the value is totaled for all active public and private construction projects, we'll have \$1.1 billion dollars worth of development underway in 2009. This is a claim that few cities our size can make. This will keep people working, keep companies in business and put money back into the economy while serving as a bridge until a recovery begins.

And that number will grow as work begins on the consolidated courts complex, and on the new central library, a \$50 million project that, thanks to Frank

Batten's extraordinary \$20 million gift, allows us to accelerate the timetable from years to months.

Design begins this summer on the Slover Library, named for Col. Samuel L. Slover - founder of Landmark, a former mayor of Norfolk and Mr. Batten's uncle. When complete, we expect it will be the most technologically advanced library in the country.

Speaking of libraries, since opening almost a year ago, the Pretlow Anchor Branch in Ocean View has smashed all records for numbers of visitors, books circulated, new library cards issued and computer usage. All library branches received physical improvements last year ranging from more computers, new paint and carpet to the renovation and expansion of the Park Place branch.

More evidence of the city's financial strength is seen in results from recent bond transactions that were completed at very favorable interest rates.

## **BUSINESS**

Last month, after a career spanning nearly four decades, one of Norfolk's great business leaders retired - Conrad Hall, president and CEO of Dominion

Enterprises. While Conrad was unable to join us, I do want to take this opportunity to thank him for his contributions to the city and to wish him the very best.

Conrad was succeeded by Jack Ross, who began his new duties on February 1, and we look forward to working with him.

Norfolk's corporate flagship - the Norfolk Southern Corporation – turned in another strong performance in 2008 in spite of the sluggish economy.

The NS saw revenues grow 13% to \$10.7 billion despite a decline in rail volume, and net annual income grew to \$1.7 billion – or \$4.52 a share – up 17% from the year before.

More good news - Norfolk Southern will increase its dividend to 34 cents a share, invest \$1.4 billion in capital improvements and is moving ahead on the Heartland Corridor which is on track for completion in 2010.

So please join me in congratulating Wick Moorman and all the folks at the Norfolk Southern Corporation, still the best managed, best disciplined and most customer-friendly railroad in the nation.



Even with higher export volumes the Port is feeling the effects of the global recession. Revenues are down and— for the first time in 30 years – falling cargo volumes made it necessary to reduce spending and delay construction start-up of the Craney Island terminal. The reorganization recently completed by executive director Jerry Bridges will put the Port in a strong position to accelerate once the economy improves.

In addition to their business partnership, the Port and the Norfolk Southern share a commitment to environmental stewardship.

The NS has become a national environmental leader, publishing its first sustainability report, and last year was named one of the top 100 corporations for environmental responsibility.

For its part, the Port has adopted a comprehensive environmental management system and received the Mid-Atlantic Environmental Award from the EPA for the purchase of three hybrid locomotives for NIT.

Here at the city, we're doing our part for the environment as well.

Our Environmental Commission has been a leader in promoting recycling and clean waterways and streets . . . we've hired a Manager of Environmental Protection Programs to lead efforts to incorporate sustainability into municipal operations . . . and new city buildings, like the Lambert's Point Recreation Center, the Slover Library and the consolidated courts complex are being designed to meet industry standards for green building.

Two Housing Authority projects – one in Grandy Village and one in Berkley - won the 2008 Award of Merit from the National Association of Housing and Redevelopment Officials. And its 27-unit townhome project on Church Street is Virginia's largest green townhome development.

## **DOWNTOWN**

At your places today are posters for the new Downtown 2020 Plan.

Comparing downtown in 1980 with today paints a compelling picture of how far we've come in implementing our planning vision.

The results: new office buildings, new hotels and educational assets . . . new retail and residential development . . . a growing tax base valued at \$1.6 billion

generating \$18 million annually in revenue . . . and all making Norfolk the business, financial, educational, cultural and medical hub for the region while stimulating the growth of new businesses and jobs across the city.

The advent of light rail along with more office and residential construction will further strengthen our position.

Major capital projects and redevelopments are underway. We are reconstructing aging infrastructure and incorporating new technology as we construct new inter-modal transportation.

We know this progress will have a temporary negative impact on some existing businesses and cause traffic disruptions.

This Tuesday, the administration will discuss with the Council a multi-faceted program to assist non-franchised locally owned businesses that are in distress and directly caused by the City's extended construction projects.

The program will range from promotional and marketing assistance to loans and direct financial aid in appropriate circumstances. With a little patience, a lot of hard work and communication we'll get through it.

When The Tide begins service next year, access to and within downtown will be greatly improved. A new gateway to downtown will be created at Harbor Park which the 2020 Plan envisions being developed with a mix of office and retail. Someday in the future the area will also serve as the transfer point to higher speed rail.

Traveling west, a light rail station and the consolidated courts complex will make the government center one of downtown's great public spaces by bringing Main Street across St. Paul's Boulevard, reconfiguring the plaza, adding more green space and creating new development sites.

Further west on Main Street, progress continues to be made on the Westin Norfolk Hotel and Conference Center. Despite the current financial condition of the country, the City and the developer, Norfolk Hotel Alliance, remain committed to this project.

And we are greatly encouraged by the fact that last year Norfolk experienced our highest hotel revenues ever at approximately \$105 million. While it's true the economic downturn is affecting the meeting and travel industry, we anticipate starting the year with a mild first quarter and, unlike many cities across the country that are seeing double-digit decreases, the folks at the CVB tell us we may be one of the fortunate ones, and have a very modest decrease.

Now relocated to the historic Seaboard building, the Kirn Library will soon come down to make way for the MacArthur Station light rail stop. It is planned to be a major crossroads bringing together visitors, workers and shoppers. When combined with the Slover Library, the historic Selden Arcade and Dominion Enterprises' corporate headquarters, Plume Street will hum with activity.

Turning north on Monticello, the \$170 million Wachovia Center is beginning to command the skyline. This enormous mixed-use development includes office, residential and parking and takes up nearly an entire city block. When it opens next year, Monticello Avenue's amazing transformation will be nearly complete, so thanks again to our friends at S. L. Nusbaum for bringing a great project to us and for their ongoing confidence in the city.

Crossing Boush Street, The Tide stops at the Belmont at Freemason Apartments where the first units of this \$45 million development will open in June. Along with the \$35 million Residence Inn by Marriott – now set to open in April - and the Franklin Condominiums, nearly \$100 million in new development will have been added to this part of Brambleton Avenue.

To the north in Ghent, our friends with Roseland Development are completing 201 at 21, a \$41 million luxury apartment development of 212 units and over 15,000 square feet of retail, complete with structured parking.

The Tide's final leg crosses Smith's Creek towards the Medical Center complex and Fort Norfolk Plaza, Dr. Keith Newby's \$70 million medical office building now under construction. We are very pleased to have as a partner in this project the Lauth Corporation, one of the largest real estate development companies in the nation. Lauth representatives are with us today and on behalf of the city I want to thank them for being here and for their investment in Norfolk.

## **EDUCATION**

Research tells us early childhood education leads to improved academic performance. Since 2001 the Norfolk Foundation has provided more than \$10 million to support early childhood education. Last year, a \$4.7 million grant allowed Smart Beginnings South Hampton Roads to launch school readiness plans in Norfolk and four neighboring cities to help children start school ready to learn.

I am glad to report that student achievement continues to improve under the leadership of the School Board and Superintendant Stephen Jones.

To date, 44 of Norfolk's 49 public schools have earned full SOL accreditation – that's 90%.

All five high schools are fully accredited, as are all but one of the division's elementary schools and 5 of the 9 middle schools. Those not fully accredited were accredited with warnings, and there is hard work underway to bring them into full compliance.

For the second consecutive year Newsweek Magazine ranked Granby and Maury in the nation's top 5% of public high schools for 2008. Granby was also cited by the Bill and Melinda Gates Foundation as one of three schools nationwide

providing high-level math classes to help prepare students to be college and career ready, so congratulations to their principals, faculty and students.

In November, the U. S. Department of Education named Ocean View Elementary as one of 11 schools in Virginia - and the only school in Hampton Roads - to be named a 2008 No Child Left Behind Blue Ribbon School.

The school has virtually eliminated the achievement gap, with black, white, Hispanic and special-ed students alike scoring above 80% on every SOL test.

Ocean View's principal, Lauren Campsen, became one of only five principals from 320 Blue Ribbon schools to receive the prestigious Terrel H. Bell Award for School Leadership.

Booker T. Washington High School teacher Shameka Hardy received the No Child Left Behind American Star of Teaching Award from the U. S. Department of Education – one of only 51 educators nationwide to be so honored.



Both Lauren Campsen and Shameka Hardy are here today and let me ask them to stand as we recognize their dedication to the children of Norfolk. (Lead Applause)

And just last month, Poplar Hall Elementary, Willoughby Elementary and the School of International Studies at Meadowbrook received the Governor's Award for Educational Excellence – the State's highest honor.

We are, of course, concerned about the school system's loss of nearly \$18 million in state funds and will be in close contact with school officials as we take steps to absorb these cuts.

With an enrollment increase of more than 13% last year, and well on the way to another record enrollment this year, the Downtown Norfolk campus of Tidewater Community College keeps growing. This spring construction is set to begin on its next building – a \$17.6 million student center next to the Martin Building.

Two weeks ago TCC's new district administration building was dedicated and named in honor of former Vice Mayor Father Joe Green – a well-deserved and

long overdue recognition of his service to the city and his strong support for establishing a Norfolk TCC campus.

Most of TCC's college-wide functions, along with some 200 staff, have now relocated to 70,000 square feet of space in the Harbor Heights building.

Eastern Virginia Medical School marked its 35<sup>th</sup> anniversary in 2008, and under the leadership of President Harry Lester and Dean Gerald Pepe, it is poised for its first new building in years.

With \$59 million from the Governor's Higher Education bond package, the Medical School is moving forward on a state-of-the-art education and research building that will allow enrollment to grow nearly 30% to help meet the demand for more doctors.

And just last month the Department of Obstetrics and Gynecology received an unprecedented \$100 million, five year grant from the U. S. Agency for International Development for continued research into halting the spread of HIV and other sexually transmitted diseases.

Since Dr. Roseann Runte's departure in June, Old Dominion University has been led by a great veteran, talent and friend - John Broderick, and thank you, John, for being here today.

John and I may be the only ones in the room who know that exactly 210 days from now – on September the 5<sup>th</sup> - football returns to Old Dominion University when Head Coach Bobby Wilder and the ODU Monarchs football team meet Chowan at a fully renovated 20,000 seat Foreman Field.

Response to ODU football has been spectacular. More than 11,000 season tickets have been sold, every game is expected to be a sell-out and attendance is projected to be among the top five in the country for I-AA football. This will be a great boost for Old Dominion and the local economy.

Elsewhere on campus, a \$27.8 million student fitness center has just opened, and construction is underway on the second building at ODU's Innovation Research Park. This \$22 million economic development project should be ready for occupancy in June.

A new student counseling center and improvements to the university's arts center are in the planning stage made possible by \$43.6 million received from the higher education bond package.

Norfolk State University President Carolyn Meyers is leading NSU on an aggressive construction schedule. Groundbreakings are scheduled this month for a \$47 million library made possible by funds from the Governor's bond package and in April for a \$28 million student center.

Planning for a new nursing building is presently underway while a state-of-the-art police headquarters opened over the summer.

Under the leadership of President Billy Greer, Virginia Wesleyan College continues to be recognized for the strength of its academic programs. Virginia Wesleyan has been named one of the country's best liberal arts colleges by *U.S. News and World Report* and labeled the Best Southeastern College by the Princeton Review.

Thank you, Dr. Greer, for joining us.

## **NEIGHBORHOODS**

Over the years one of the city's strengths has been the successful redevelopment and revitalization of its neighborhoods. Berkley, Colonial Place, Ghent, Freemason and Riverview are familiar examples, and we are experiencing similar success in other areas with active neighborhood plans.

Broad Creek now has \$235 million in residential investment with 400 rental units and 70 homes built south of Princess Anne Road. 198 additional homes are planned for the north side with 20 presently under construction.

This has allowed NRHA to move ahead with closing out the \$35 million Hope VI grant for Broad Creek, and to apply for a second grant to redevelop the adjacent Moton Circle apartment complex.

Though it's been said before, it bears repeating . . . all former residents of the public housing apartments displaced by the Broad Creek project who wanted to return have, as promised, been able to do so.

Based on results from a study over the summer, plans for the \$56 million Kroc Center are moving ahead. HUD has approved conveyance of a portion of former public housing property for the center, and the Salvation Army has hired staff for project management and for a \$28 million fundraising effort that is well underway.

A \$13 million award from the Virginia Housing Development Authority will enable NRHA's HomeNet Program to make the dream of homeownership a reality for more than 80 qualified first-time buyers. It was the largest grant to any state housing authority, and a well-deserved recognition of the Authority's placing more first-time buyers in homes than any other agency in the state - and without a single foreclosure.

Ocean View's ongoing revitalization is a national success story. Since the early 1990s, nearly \$190 million in public improvements have been made for educational and recreational projects, public works projects and sand replenishment. Most of the money was used for demolition and redevelopment of over 3400 blighted apartments, 12 motels and 14 bars.

These actions stimulated major private investments like East Beach, Bay Breeze Point, Bay Point and Harbor Walk - residential developments that have replaced blight with new homes, and helped boost the tax base from \$500 million to over \$2 billion.

But there is still more to do – the crime rate needs to be lower, homeownership rates need to be higher and code enforcement ratcheted up. We remain committed to fulfilling the promise of this unique bay-front community.

Good signs of progress can be seen in the Greater Wards Corner area from a combination of public and private investments and support from residents. The Alexis Apartments in Titustown were acquired and demolished. New crosswalks were installed at Little Creek Road and Granby Street. The first units of the \$15 million Southwind Apartments are nearly ready for occupancy, and Collins Enterprises is moving ahead on Phase I of Westport, its \$80 million residential development on Newport Avenue.

In Denby Park, a community playground was built in one day with help from 400 volunteers. Public security cameras were installed. And in a remarkable show of civic engagement, a neighborhood watch was started for the Denby Park,

Oakdale Farms and Monticello Village neighborhoods with 60 residents participating, all helping to reduce the crime rate.

We are also encouraged by the purchase of the 14-acre parcel where the city's Workforce Development Center is located, and our development team reports promising, ongoing discussions with property owners of an eight-acre parcel in the heart of Wards Corner for a mixed-use development.

And just a little ways east, Virginia's first WalMart Neighborhood Grocery Store – a \$20 million investment – opened last month and is considered a key step in stabilizing the East Little Creek Road commercial corridor.

With a mix of light industrial, commercial and residential development, the Church Street area has seen its tax base grow from \$80 million 15 years ago to over \$223 million today on the strength of public and private investments. Recent examples include The Maplewood, a \$7 million townhome project in the 1500 block of Church Street now under construction, and a fourth flex-office building at 18<sup>th</sup> and Church developed and built by P & P Development and TechCon.

## **PUBLIC SAFETY**



An important public safety goal was achieved in December when 41 recruits graduated from the Police Academy, bringing the Norfolk Police Department to full staffing strength of 772 sworn officers.

Two additional goals were met when the ribbon was cut on a new, state-of-the-art \$5 million pistol range, and when the department gained accreditation from the Virginia Law Enforcement Professional Standards Commission. This is a designation shared with only 72 out of 400 other state law enforcement agencies, so congratulations to the Department on these accomplishments.

In response to growing concern about youth violence and gang activity, the council has approved moving ahead with a Youth Violence Prevention Initiative.

Led by a Task Force that will include citizen representation, the effort will take a comprehensive approach emphasizing prevention, intervention and suppression. Four police officers will be added to the Gang Suppression Unit, and a gang coordinator hired to manage educational, employment and family intervention programs.

City-wide, the violent crime rate remained flat. And we were all gratified that the murder rate dropped 42%.

The city's fire fighting abilities were beefed up with the addition of the fireboat *Vulcan II*, a 30 foot, state-of-the-art boat with life support capabilities comparable to advanced ambulances. And, Fire Rescue will soon receive two fire pumpers and an aerial platform truck, and has placed orders for another two pumpers and three medic units. This is a \$3 million investment in new equipment.

## **HOMELESSNESS**

Three years into our ten year plan to end homelessness I'm pleased to report real progress continues to be made.

The inventory of permanent supportive housing units grew from 134 to 216 led by the opening of the 60-unit Cloverleaf Apartments in Virginia Beach. Cloverleaf is a \$7.2 million joint effort between Virginia Beach, Norfolk, Chesapeake, Portsmouth and Virginia Supportive Housing. 16 more units were added for chronically homeless individuals with serious mental illness and substance abuse disorders, and in a great way to celebrate its 20<sup>th</sup> anniversary, ForKids added 6 units.

Families account for 20% of our homeless population, but that number is as high as 40% elsewhere in the region.

To lower that figure we launched the Faith Partnership, an initiative to help support homeless families as they move from crisis to self-sufficiency by drawing on the considerable reservoir of talent and experience that exists in the faith community.

Congregations were asked to provide financial support of \$1000 to a homeless family and to provide mentors who will support the family for at least a year.

To date, 11 congregations have signed on as partners, mentor training has been provided by the City, and families are now being assigned. This has been a successful program for other cities and we expect the same here.

This year our hope is to more closely involve our business community in this important and just effort.

## **RECREATION, ARTS**

As a fully built out city we are sensitive to the need to provide additional recreational opportunities for our citizens and to maintain those we have. More has been accomplished in this area in recent months than at any time I can remember.

Over the summer, ground was broken on the Lambert's Point Recreation Center - a \$7.5 million facility on track for a Spring 2010 opening – and last month we cut the ribbon on the new Norview Recreation Center - a \$7.4 million state-of-the-art facility.

Also completed was an \$800,000 renovation of Shoop Park along with the first phase of a \$2.2 million renovation at Northside Park.

In the final stages of planning is an \$850,000 skate park at Northside . . . and in a breakthrough agreement, 11 acres – or over half the property in Ocean View between 3<sup>rd</sup> and 7<sup>th</sup> Bay Streets - was set aside for open space with the remainder designated for residential development.

I also want to mention the makeover of Town Point Park – downtown’s only green space and a place of pride for the entire city. It’s on schedule to reopen for the July 4 HarborFest weekend complete with several fabulous fireworks shows.

The 155 acre Norfolk Botanical Garden continues to experience growth in membership and visitors on the strength of special exhibits and new attractions such as the Children’s Garden. Not to be missed this summer is an enclosed outdoor butterfly exhibit and the return of the Garden’s boat tours.

Let me also take this opportunity to invite all of you to the Garden for an April dedication of a sculpture commemorating the more than 200 African American women who in the late 1930s cleared the land that was to become the Garden.

New attractions and new animals are turning the Virginia Zoo into a world-class facility, and have helped boost attendance by 25% over the past two years to over 400,000.

Last June, ground was broken on its newest exhibit - the Trail of the Tiger - an \$18.5 million investment made possible in large part by Frank Batten, Sr. It will feature critically endangered great ape species and, of course, Siberian tigers.

Thanks to the generous support of private donors and local foundations, the Zoo train - the Norfolk Southern Express – made its debut over the summer and was an instant hit for kids of all ages. And to cap off a great year, the Zoo gained accreditation from the National Association of Zoos and Aquariums - a major accomplishment.

As the cultural capital of the Commonwealth, Norfolk is home to a remarkable variety of arts organizations. The numerous and important contributions they make to the community call to mind an observation made by John F. Kennedy who said, “There is a connection, hard to explain logically but easy to feel, between achievement in public life and progress in the arts.”

In Norfolk, that connection is clear, and it is found in our community leadership.

Scores of cultural organizations supported by the City through the Norfolk Arts Commission are led by more than 700 board members representing leadership from our civic, faith, educational, political, and business communities.

Their commitment demonstrates how much our community values the arts, and they deserve great credit for leveraging the City's investment with their time, expertise, and fundraising to produce programs the City could never afford alone.

Our arts organizations' value is underscored by the fact that in just the past three years audiences for free outreach programs have more than doubled, reaching several hundreds of thousands.

Let me share a little-known but astonishing fact about our arts organizations: In the past year, every Norfolk second-grader was reached by Young Audiences of Virginia, every third-grader by the Virginia Symphony, every fourth grader by the Chrysler Museum and Virginia Stage Company, every fifth grader by Virginia Opera and every sixth grader by Virginia Arts Festival.

We're also proud of how our arts institutions measure up nationally. The Virginia Opera ranks among the country's 25 largest opera companies and the

Virginia Symphony among the 50 largest orchestras while the Virginia Stage Company continues to defy national trends in ticket sales, based on the quality of its productions.

Hampton Roads cultural flagship - The Chrysler Museum – is fresh off raising \$35 million with its Campaign for the Future.

The Virginia Arts Festival brings world-class performing arts to the region and this quarter, construction is set to begin on the Festival's new downtown headquarters - the \$7.5 million Clay and Jay Barr Education Center – which will provide much needed office and rehearsal space.

It will also include space for the Azalea Festival staff. The Festival is the city's annual salute to NATO, it has a new full-time director, a new board and a new and improved program.

And, congratulations go to Virginia Ballet Theatre and Todd Rosenlieb Dance on their planned merger. This action will enhance the quality of professional dance in Hampton Roads and create a preeminent dance group that promises to be our next major arts organization.



Still, it is clear that the operating budgets of nearly all of our arts organizations are under great stress. If you value – and you should - the role the arts play in our economy and quality of life I ask you to consider increasing your own financial support for the arts. I promise you the City is doing its part.

## **TRANSPORTATION**

As we look to the future, the most formidable obstacle to regional economic growth is the General Assembly's failure to provide an adequate and dependable funding stream for transportation.

Creation of the Hampton Roads Transportation Authority at least offered us the promise of starting construction on the region's six major transportation projects. But the Virginia Supreme Court gutted the Authority when it ruled it had no power to raise revenues, putting us right back where we started: With a regional plan approved by the Metropolitan Planning Organization, but no funding.

But, matters are going to get even worse.

For decades the Commonwealth has distributed funds for the construction and improvement of roads in its cities through a defined urban allocation program.

This is the primary source of money for Norfolk to improve its local road system. For example, the allocation to Norfolk in 1996 was \$14.7 million dollars. This fiscal year it shrank to \$5.8 million dollars and will drop to less than \$3.5 million dollars next year. VDOT is now advising cities in Virginia that as soon as calendar year 2010 there will be no urban allocation at all.

That's right. . . not only is there no money for a regional transportation network, soon there will be none for local roads within Norfolk and every other Virginia city. There will be no money for congestion relief. There will be no money for economic expansion. There will be a few dollars for pot holes.

This is a crisis of the first order and must be addressed as the serious problem it is by state lawmakers.

The free flow of commerce is key to our economic prosperity. This is especially true for Norfolk. With over 200,000 jobs in the city, nearly half are

filled by folks who commute here from other local jurisdictions. If we accomplish nothing else we MUST find a solution to the transportation funding gridlock.

## **CONCLUSION**

Four days ago the city celebrated a truly historic moment – the commemoration of the 50<sup>th</sup> anniversary of the end of massive resistance and desegregation of Norfolk Public Schools by a group of heroic African American students known as the Norfolk 17.

Massive resistance was a shameful period in our past, a time when Southern states sought to use all legal means at their disposal to maintain segregated schools. With the state's largest public school system, Norfolk was the stage for this struggle in Virginia.

It is my hope that we can seize this special moment to come closer together as one city, united in purpose, joined by mutual trust and strengthened by the bonds that connect us as God's children one to another.

For centuries Norfolk's history has been determined by international trade and national defense. Those qualities took center stage at the commissioning of the Navy's newest nuclear carrier, the *George H. W. Bush*.

The location was pierside at Norfolk Naval Station overlooking the point where the historic Elizabeth and James Rivers meet the Chesapeake Bay . . . waters the first settlers sailed up 400 years ago on their way to found Jamestown and our nation . . . waters that saw the clash of the ironclads *USS Monitor* and *CSS Virginia* . . . that saw the beginning of Naval aviation . . . and waters from which hundreds of thousands of young men and women have sailed in times of war to far away lands to defend our freedom – many never to return.

Up the Elizabeth River are the repair yards where those massive carriers and other Naval warships are kept seaworthy. Across the harbor is Northrup Grumman, the only shipyard in the world capable of building such a majestic ship as the *Bush*, and a short distance away is Yorktown.

Since the advent of the nuclear powered aircraft carrier, and all through the Cold War, Norfolk has served the Navy well as the homeport for its East Coast-based nuclear carriers and our goal is to keep it that way.

There has yet to be made a compelling argument to justify a proposal to homeport a nuclear powered aircraft carrier at Naval Station Mayport. There is little or no evidence that the Mayport homeporting alternative is supported by either strategic necessity or economic logic.

Working with Governor Tim Kaine, U.S. Senators Jim Webb and Mark Warner and our Congressmen, we will continue to fight against what can only be described as an economic development grab by the state of Florida.

I am glad to say that on the first day of the new Obama administration both Senator Webb and Governor Kaine met with top administration officials to state the Commonwealth's position. We remain cautiously optimistic that this hasty decision will be fully reviewed by the new administration.

For the present we are experiencing a period of adjustment as we adapt to a changed economic climate. Government and businesses alike are examining core missions and programs and making some hard choices. We will use this crisis to reinvent the way we do business. This is a moment we can use to our advantage and we will.

Your city asks for your understanding and patience as we work through these difficult times.

I am confident that your enthusiasm for Norfolk remains strong and that you will continue to make important contributions to its progress. The work of building a city never stops. There will always be more to do and more that can be done better, and we should draw inspiration in the knowledge that we are moving forward together in a direction that enjoys broad and deep support.

It is the strength of your commitment that energizes me and my fellow city council members and that makes it a privilege to serve you.

Thank you for being here today and for all you are doing to build a brighter future for ourselves and our children.

God bless you and God bless the City of Norfolk.